



Public Financial Management Sector Strategic Plan (PFM) (2024-2029)

Abridged version

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OFFICE
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Abbreviations

ACCA	Association of Chartered Certified Accountants	MTEF	Medium-Term Expenditure Framework
APPR	Association of the Procurement Professionals in Rwanda	NBAs	Non-Budget Agencies
BNR	National Bank of Rwanda	NDPR	National Development Planning and Research
CAT	Certified Accounting Technician	NIP	National Investment Policy
CEO	Chief Executive Officer	NPPM D	National Programs & Projects Monitoring Division
CIPS	Chartered Institute of Procurement and Supply	NST	National Strategy for Transformation
CPA	Certified Public Accountant	OAG	Office of the Auditor General
CPD	Continuous Professional Development	OIAG	Office of the Internal Auditor General
DG	Director General	PAC	Public Accounts Committee
FDSC	Fiscal Decentralization Steering Committee	PAU	Public Accounts Unit
GBEs	Government Business Enterprises	PCNBP	Parliamentary Committee on National Budget and Patrimony
GDP	Gross Domestic Product	PEFA	Public Expenditure and Financial Accountability framework
GPU	Government Portfolio Unit	PFM	Public Financial Management
ICPAR	Institute of Certified Public Accountants of Rwanda	PFM CF	Public Financial Management Coordination Forum
ICT	Information and Communication Technology	PIC	Public Investment Committee
IFMIS	Integrated Financial Management Information System	PPP	Public-Private Partnership
IIA	Institute of Internal Auditors	QAG	Quality Assurance Group
IMF	International Monetary Fund	RDB	Rwanda Development Board
IPSAS	International Public Sector Accounting Standards	RFL	Rwanda Finance Ltd
LODA	Local Administrative Entities Development Agency	RPPA	Rwanda Public Procurement Authority
M&E	Monitoring and Evaluation	RRA	Rwanda Revenue Authority
MDAs	Ministries, Departments and Agencies	RSSB	Rwanda Social Security Board
MIFOTRA	Ministry of Public Service and Labor	RWF	Rwandan Francs
MINALOC	Ministry of Local Government	SEAS	Subsidiary Entities Accounting System
MINECOFIN	Ministry of Finance and Economic Planning	SPIU	Single Project Implementation Unit
MINEDUC	Ministry of Education	SSP	Sector Strategic Plan
MINICT	Ministry of ICT	TADAT	Tax Administration Diagnostic Assessment Tool

MININFRA	Ministry of Infrastructure	TPC	Tax Policy Committee
MINISANTE	Ministry of Health	TWG	Technical Working Group

EXECUTIVE SUMMARY

This Public Financial Management Sector Strategic Plan (PFM SSP 2024-2029) has a mission ‘to accelerate Rwanda’s socio economic transformation through effective fiscal policy and accountable public financial management’. PFM concerns how the Government collects, spends and manages public resources, and the impact this has on the economy and society. Effective PFM provides a basis for sound economic management, reliable public services, and accountability between the Government and citizens over how public resources are used.

Under this PFM SSP, the Government has identified three broad issues that need to be advanced: (i) strengthening the foundations for effective and accountable PFM; (ii) helping the Government to meet its social and economic policy goals; and (iii) responding to the complex challenges posed by climate change and other cross-sectoral policy priorities such as reducing gender inequality. Progress on these areas will advance not just the interests of the Sector, but the ambitions of Vision 2050 and the Second National Strategy for Transformation (NST-2).

The approach proposed in this PFM SSP builds on past strategies, but it differs in several ways. Firstly, it responds to a number of important new challenges, most notably the Government’s ambition to reduce public debt and accelerate Rwanda’s transition to an inclusive and resilient low-carbon economy. Second, it reflects growing demand on the analytical capabilities in the PFM Sector and the need to ensure the long-term sustainability of the Government’s investments in PFM staff and systems. Third, changes are also proposed to the governance of the PFM Sector, to reflect the increasing complexity of issues and diversity of actors that are involved.

The figure below summarizes the strategic framework used to guide interventions under this PFM SSP. It aims to support progress in three broad areas outlined above: strengthening the foundations, meeting fiscal policy goals and addressing cross-sectoral challenges. The Government aims to deliver these results by pursuing *six interrelated objectives* while mainstreaming its approach to climate and gender into these objectives. For each objective, there is a statement of the challenge that needs to be addressed and a vision for what success will look like in 2028/29. The PFM SSP provides a *results framework* with key performance indicators to help monitor progress and an initial set of *interventions*.

The Ministry of Finance and Economic Planning (MINECOFIN) will continue to coordinate the implementation of the PFM SSP under the oversight and guidance of a high-level Coordination Forum (PFM CF) and Technical Working Group (TWG) involving development partners and other key stakeholders. Technical clusters will be created to support TWG coordination and policy dialogue around more complex, multi-stakeholder reforms such as fiscal and financial decentralization. The Single Project Implementation Unit (SPIU) in MINECOFIN will serve as a secretariat to these forums, and will also support coordination and reporting within the Government.

The activities outlined in the PFM SSP are estimated to cost around US\$ 126.3 million (equivalent to roughly RWF 200.4 billion). over five years. These estimates are based on an initial set of activities identified by stakeholders, and will be refined as the strategy is implemented.

I. INTRODUCTION

Rwanda's Vision 2050 and the National Strategy for Transformation (NST-2) aim for significant socioeconomic development, targeting upper middle-income status by 2035 and high-income status by 2050. A key component of this strategy is the Public Financial Management Sector Strategic Plan (PFM SSP 2024-2029), which focuses on enhancing how the government manages public resources, aiming for efficient service delivery and accountability. Building on over two decades of successful reforms, Rwanda has gained a global reputation for effective public services and fiscal discipline. However, the evolving challenges necessitate ongoing improvements to the PFM system to support the ambitious goals set out in NST-2 and Vision 2050.

The PFM SSP has three main objectives. First, it aims to support the government's development goals by strengthening public financial management to effectively implement NST-2 and long-term Vision 2050 objectives, with a particular focus on critical areas like climate change and gender equality. Second, it provides strategic direction for existing PFM reforms, ensuring alignment with NST-2 commitments while acknowledging that it will not encapsulate all related reforms. Third, the SSP responds to outstanding issues identified in prior assessments, continuing to enhance the quality of PFM and adapting to new demands for analytical capacity.

The PFM SSP was formulated through a consultative process led by the Ministry of Finance and Economic Planning (MINECOFIN), with support from various stakeholders, including government agencies, development partners, and civil society organizations. The strategy was validated through workshops and draws from recent audits and diagnostic studies, ensuring a comprehensive approach to ongoing improvements in PFM.

The document is organized into key sections that provide an overview of the PFM sector, discussing the main organizations involved, the macroeconomic context, and the challenges to be addressed. It outlines a strategic framework that links the SSP's objectives to the government's fiscal and economic agenda while detailing initial strategic interventions. Additionally, it describes how progress toward achieving the SSP objectives will be coordinated and monitored. This strategic plan is vital for guiding Rwanda toward its long-term economic aspirations and ensuring effective management of public resources.

II. SITUATIONAL ANALYSIS

The PFM Sector Strategic Plan (SSP) for 2024-2029 outlines the current state of the sector, focusing on achievements, challenges, and strategic objectives aimed at supporting Rwanda's development agenda as articulated in Vision 2050 and the National Strategy for Transformation (NST-2).

II.1. Achievements

- The integration and rollout of the Integrated Financial Management Information System (IFMIS) with other Public Financial Management (PFM) ICT systems has been pivotal in enhancing Rwanda's public finance management. This initiative allows all budget and non-budget agencies, except primary schools, to electronically submit their financial reports, significantly improving transparency and efficiency in financial processes.
- The total number of staff with professional certifications reached 1,052, significantly exceeding the target of 266 by June 2024.
- 92% of public entities received an unqualified audit opinion on their financial statements, surpassing the target of 80%. Additionally, 69% received an unqualified opinion on compliance, exceeding the target of 50% by June 2024.
- The adoption of the Public Expenditure and Financial Accountability (PEFA) framework has led to significant improvements in accountability mechanisms, as evidenced by positive assessments from recent PEFA evaluations.
- Laid foundation to the implementation of IPSAS accrual project accounting by implementing IPSAS project which is progressing at 73%.

II.2. Outstanding PFM challenges

Despite improvements in public financial management (PFM) in Rwanda, several key challenges remain:

1. **Skills and Capabilities:** While the Learning and Development (L&D) strategy has laid a foundation, it needs updating. There's a critical shortage of specialized staff for upstream functions like planning and budgeting, alongside persistent issues in project and contract management.
2. **Digital Systems Utilization:** The benefits of past investments in digital processes aren't fully realized. While they enhance reporting, they lack comprehensive business analytics for decision-making and require better integration with Non-Budget Agencies.
3. **Sustainability of Skills and ICT Investments:** Increasing reliance on technology and high staff turnover pose risks to PFM performance. The government must cultivate a sustainable talent pipeline and improve staff retention, particularly in core PFM roles and technical positions.
4. **IPSAS Accrual Compliance Risks:** Transitioning to IPSAS accrual accounting could temporarily undermine recent financial reporting improvements. The government plans to manage these risks carefully, gradually implementing the new standards.

5. **Spending Control Environment:** Tighter public finances necessitate a reduction in public expenditure by around 2% of GDP between 2022/23 and 2026/27. MINECOFIN will need to develop capabilities for setting realistic spending ceilings and scrutinizing resource allocations.
6. **Revenue Mobilization Challenges:** Despite past successes, domestic revenue collection has stabilized and even declined. The government aims to raise revenues significantly, requiring new policies and strengthened revenue administration.
7. **Incomplete Fiscal Decentralization:** Decentralization reforms need further consensus and cooperation between central and subnational governments. While district capacity has improved, audit compliance remains a challenge.
8. **Strengthening Management of GBEs:** Government Business Enterprises (GBEs) are vital for development, but balancing their economic potential with fiscal risks is crucial. Improvements in governance, oversight, and alignment of legal frameworks are necessary to optimize their performance.

Addressing these challenges will be essential for enhancing Rwanda's public financial management system and achieving its long-term goals

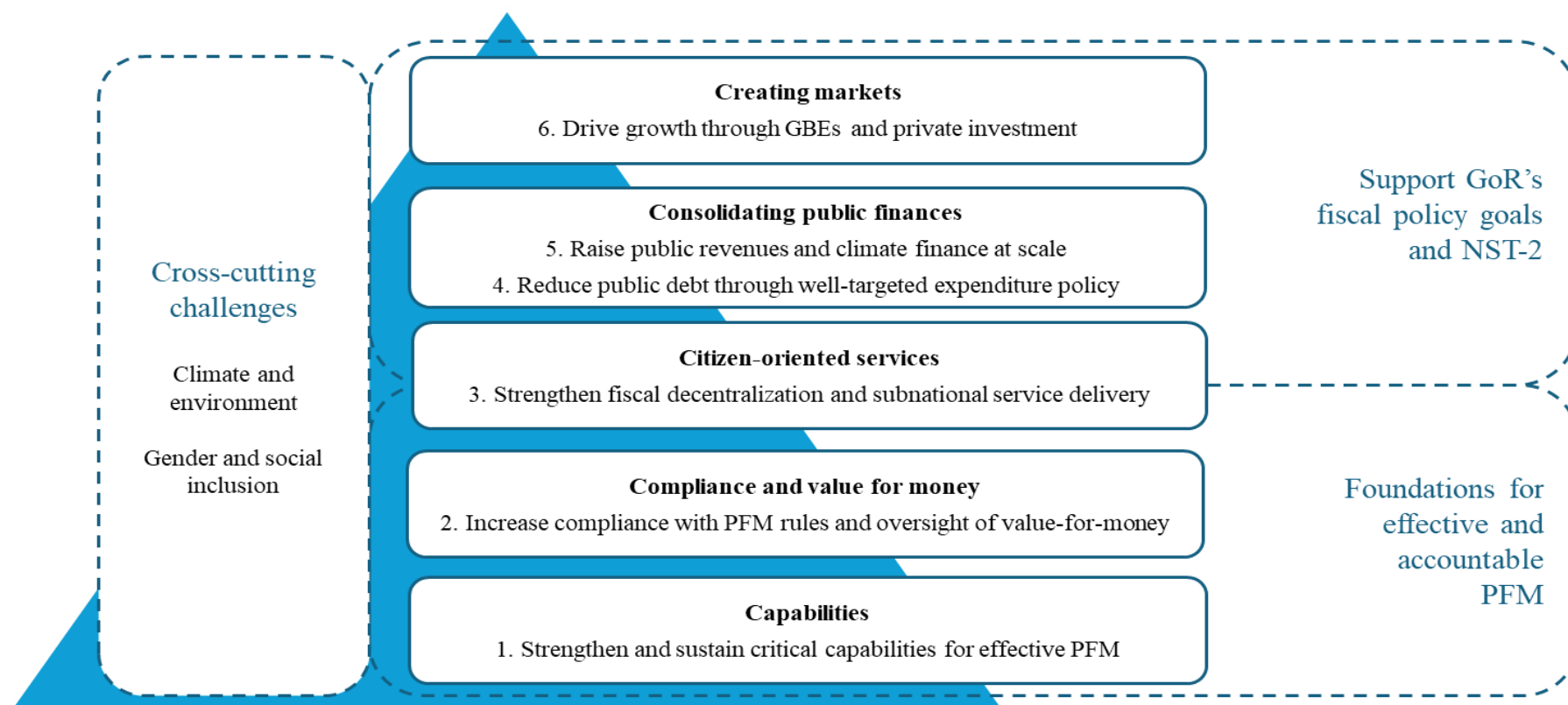
III. STRATEGIC FRAMEWORK

III.1. Mission, Objectives and Strategic Interventions

PFM SSP mission and strategic objectives

The PFM SSP mission is: *‘to accelerate Rwanda’s socioeconomic transformation through effective fiscal policy and accountable public financial management’.*

Figure 1: Summary of the strategic framework and objectives of the PFM SSP



Objective 1: Strengthen and sustain critical capabilities for effective PFM

Outcome 1.1: PFM ICT systems are sustainable, well-integrated and more responsive to user needs and decision making

<i>Lead institutions</i>	MINECOFIN IFMIS Unit, with complementary activities led by MIFOTRA, RPPA, RRA
<i>Strategic interventions</i>	<ul style="list-style-type: none">● Enhance IFMIS sustainability and utility as a decision-making tool● Increase Umucyo (e-Procurement) coverage, security and user experience● Finalize and deploy Internal Audit Management Software (IAMS)● Digitize OAG audit process and other information systems● Modernize RRA ICT infrastructure for enhanced revenue collections

Outcome 1.2: The PFM sector is underpinned by a more sustainable pipeline of critical skills

<i>Lead institutions</i>	PFM Skills Committee – a new cross functional committee coordinated by MINECOFIN SPIU
<i>Strategic interventions</i>	<ul style="list-style-type: none">● Refocus L&D Strategy and staff retention policies to provide required PFM skillsets (up and down stream)● Enhance the delivery of PFM skills through professional bodies (ICPAR, IIA, Procurement, IoD)● Support capacity development and SPIU management costs in RRA● Support OAG to establish and sustain critical skills and good practices

Outcome 1.3: Coordination and partnerships enhanced across the PFM sector

<i>Lead institutions</i>	MINECOFIN Single Projects Implementation Unit
<i>Strategic interventions</i>	<ul style="list-style-type: none">● Enhance and sustain effective sector-wide planning and reporting mechanisms● Enhance research and benchmarking of PFM reforms● Integrate fiscal decentralization, gender and climate PFM reforms more fully into the sector M&E

Objective 2: Increase compliance with PFM rules and oversight of value-for-money

Outcome 2.1: Public entities are increasingly able to comply with IPSAS accrual standards and with PFM laws and regulations

Lead institutions: Accountant General’s Office; Office of the Internal Auditor General; Rwanda Public Procurement Agency

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| <i>Strategic Interventions</i> | <ul style="list-style-type: none"> ● Phase in IPSAS accrual standards with TA support for policy design, implementation and training ● Improve risk management by strengthening internal audit and the quality of audit committees ● Improve the monitoring and inspection of procurement by RPPA to minimize non-compliance in procuring entities ● Enhance cooperation between Accountant General's Office, OIAG, RPPA and OAG |
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Outcome 2.2: Public procurement will be more transparent and sustainable

Lead institutions *Rwanda Public Procurement Agency*

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| <i>Strategic interventions</i> | <ul style="list-style-type: none"> ● Implement Open Contracting Data Standards for public procurement ● Support and encourage development partners to use the Government's procurement systems ● Strengthen the framework and implementation support for "green public procurement" and "Buy Made in Rwanda" |
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Outcome 2.3: Budget oversight is increasingly reviewing the value for money of public spending

Lead institutions *Office of the Auditor General; Rwanda Public Procurement Agency; Parliament*

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| <i>Strategic interventions</i> | <ul style="list-style-type: none"> ● Widen audit coverage and increase OAG capacity for performance and other specialized audits ● Increase OAG public engagement and support for Parliamentary Committees to scrutinize audit findings |
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Objective 3: Strengthen fiscal decentralization and subnational service delivery

Outcome 3.1 The framework for fiscal and financial decentralization is strengthened to improve local service delivery

Lead institutions *MINECOFIN Fiscal & Financial Decentralization Directorate in collaboration with Ministry of Local Government*

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| <i>Strategic Interventions</i> | <ul style="list-style-type: none"> ● Strengthen the policy dialogue on sector and financial decentralization with analysis of lessons learned ● Update the 5th Fiscal and Financial Decentralization Policy and secure Cabinet approval ● Implement recommendations from the EAS I&II ● Assess options for improving the intergovernmental transfer system |
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Outcome 3.2 Local government revenues are more predictable and closer to “potential”

Lead institutions: MINECOFIN Fiscal and Financial Decentralization Department in collaboration with RRA and LODA

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| <i>Strategic interventions</i> | <ul style="list-style-type: none">● Assess revenue potential for all Districts and support Districts to implement recommendations● Strengthen systems for property tax valuation and land titling● Develop framework and capacity for local government PPPs and borrowing mechanisms |
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Outcome 3.3 Districts have stronger PFM systems and identify sound investments

Lead institutions: INECOFIN Fiscal and Financial Decentralization Department; Accountant General's Office; LODA

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| <i>Strategic interventions</i> | <ul style="list-style-type: none">● Strengthen district capacity for developing and overseeing higher quality public investment● Increase subnational capacity to implement more complex PFM practices |
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Objective 4: Reduce public debt through well-targeted expenditure policy

Outcome 4.1: Public debt and aggregate expenditures are in line with the Government's fiscal targets

Lead institutions: Office of Chief Economist; National Budget Department, National Development Planning and Research Department

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| <i>Strategic interventions</i> | <ul style="list-style-type: none">● Strengthen macroeconomic and fiscal forecasting and reporting, including on fiscal risks● Enhance MTEF and analysis of the cost-drivers of public spending● Increase fiscal transparency to support fiscal policy goals |
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Outcome 4.2: Spending choices are informed through better policy analysis

Lead institutions *National Budget Department; National Development Planning and Research Department*

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| <i>Strategic interventions</i> | <ul style="list-style-type: none">● Strengthen economic research to improve macroeconomic and fiscal policy● Support the preparation and review of national priorities and plans (e.g. NST-2 Mid-Term and End-Term Reviews)● Strengthen analysis of the distributional impact of fiscal policy |
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- Strengthen performance-based budgeting and the capacity to assess the impact of budget choices on service delivery
- Enhance gender and climate responsive budgeting as a tool for external oversight and internal decision-making

Outcome 4.3: Project selection and implementation is more efficient and sustainable

Lead institutions *National Projects Development and Quality Assurance Department; National Programs and Projects Oversight Department*

- Strategic interventions*
- Continue to strengthen the Public Investment Committee and investment appraisal
 - Integrate sustainability more fully in the public investment management process
 - Professionalize the project management function in the Government and strengthen project M&E

Outcome 4.4: Aailed timely, quality, and relevant official statistics for effective PFM

Lead institutions: National Institute of Statistics, Office of Chief Economist; National Development Planning and Research Department, National Budget Department, National

- Strategic interventions*
- Generate and disseminate high-quality data that supports evidence-based planning, budgeting, monitoring, and evaluation
 - Provide capacity building and technical support across MDAs, Researchers, public for statistical literacy and use in informed decisions
 - Enhance the adherence to international statistical and reporting standards to enhance Rwanda's credibility in PFM.

Objective 5: Raise public revenues and international climate finance at scale

Outcome 5.1: Increased mobilization of tax and non-tax revenues in real terms

Lead institutions *Office of Chief Economist; Rwanda Revenue Authority; Climate Finance Department; Development Finance Department; Private Sector and Innovative Financing Department*

- Strategic interventions*
- Develop the Medium-Term Revenue Strategy (MTRS-2) for a broader tax base, a fairer and efficient tax system;
 - Support the implementation of RRA's strategy for the effective delivery of its mandate
 - Conduct an 'Incentives' Baseline Study (with periodic reviews) to convert tax discount sectors and strengthen reporting on tax expenditures; and
 - Strengthen tax policy capacity in MINECOFIN

Outcome 5.2: Climate and nature finance mobilized at speed and scale for NST-2 implementation

<i>Lead institutions</i>	<i>Climate Finance Department; Office of Chief Economist; National Development Planning and Research Department; Private Sector & Innovative Financing Department</i>
<i>Strategic interventions</i>	<ul style="list-style-type: none"> ● Capacity building for Climate Finance Department ● Support execution of the Climate and Nature Financing Strategy ● Strengthen capacity for debt management in MINECOFIN

Objective 6: Drive growth through GBEs and private investment

Outcome 6.1: A more sustainable approach to public investment in GBEs is in place

<i>Lead institutions</i>	<i>Investment Opportunities Department; Portfolio Oversight Department; Privatization Department</i>
<i>Strategic interventions</i>	<ul style="list-style-type: none"> ● Propose and implement mechanisms for a more sustainable approach to public investment in GBEs ● Strengthen the corporate governance framework for GBEs ● Conduct a baseline review of all GBEs and establish a roadmap for reform (business case, divestments and strengthening mechanisms) ● Implement change management mechanisms for GBEs for long-term sustainability

Outcome 6.2: Deeper financial markets with higher levels of international private finance

<i>Lead institutions</i>	<i>Financial Sector Development Department</i> <i>Global Financial Centre Index 35 Rating</i>
<i>Strategic interventions</i>	<ul style="list-style-type: none"> ● Support FIC to become a Centre of Excellence in the region ● Advance Rwanda's ambitions to become a finance hub ● Design and implement a Diaspora Remittance Strategy (including awareness campaigns)

III.2. Cross cutting areas

Cross-cutting areas – building a greener, gender responsive PFM system

The PFM Sector is itself a cross-cutting function within the Government. Strong PFM is an important foundation for effective governance, service delivery and economic management. Further strengthening the integrity and transparency of the PFM system will assist the Government's zero tolerance of corruption and will provide a foundation for accountability to Parliament and the public for the use of public resources. Sound fiscal policy will support the macroeconomic stability needed to foster private investment, while effective resource mobilization and public investments will help to raise Rwanda's economic potential. A strong framework for fiscal decentralization (a shared responsibility with MINALOC) and improved PFM capacity in Districts, Sectors and service delivery units, will help to expand basic services such as primary healthcare and education.

However, a key ambition of this SSP is to support the cross-cutting policy priorities identified in NST-2. Two specific areas have been identified for priority attention: (i) climate change and environmental sustainability and (ii) gender equality and family promotion. These are policy areas where there are established PFM practices that can help guide policy and spending decisions across the public sector. The SSP does not set separate objectives for these cross-cutting priorities, which

have been mainstreamed into the objectives already outlined in the strategy. However, the interventions will be guided by the broad approach outlined here:

Mainstreaming climate and nature into fiscal policy and PFM systems

Rwanda is already feeling the impacts of climate change and the Government recognizes the importance of taking a proactive approach to addressing this challenge. The 2022 Green Growth and Climate Resilience Strategy established a shared vision for Rwanda to be a developed, climate-resilient, and low-carbon economy by 2050, and sets three Strategic Objectives: (a) to achieve energy security and low carbon energy supply that supports the development of green industry and services and avoids deforestation; (b) to achieve sustainable land use and water resource management that results in food security, appropriate urban development and preservation of biodiversity and ecosystem services; and (c) ensure social protection, improved health and disaster risk reduction that reduces vulnerability to climate change impacts.

“Greening” the PFM Sector will be important for delivering these ambitions, this is reflected in Objectives 1,2,4 and 5 of the PFM SSP. First climate change and nature will be integrated into economic management functions to ensure that the economy remains resilient to shocks and that tax, spending and regulatory policy are used to accelerate low-carbon economic growth. Examples include strengthening fiscal risk reporting and issuing guidelines to financial institutions on how to finance and report on climate related risks. Secondly, the Sector will strengthen the structures and processes that can help coordinate a whole-of-government approach to climate change and nature. This will include green budget classifications, sustainable procurement practices and investment management procedures, and local government disaster risk management processes. Finally, the Sector will aim to raise international climate finance and strengthen the Government’s reporting on international commitments such as the Nationally Determined Contributions. A key first step will be to fully operationalize the newly created Climate Finance Department in MINECOFIN.

Mainstreaming gender and social inclusion into fiscal policy and PFM systems

The Government is widely regarded as a leader in its efforts to advance gender equality – most notably with respect to political representation, where nearly two thirds of parliamentary seats and over half of Cabinet positions in Rwanda are held by women. Nonetheless, the Gender Monitoring Office report on the state of gender equality in Rwanda identifies certain areas of persistent inequality, including in labor force participation. Gender inequalities can be tackled through a range of measures, but often require changes to people’s beliefs. However, the Government is aware that a period of fiscal tightening may impact differently on different groups in society, including on women and girls, and that the budget needs to protect spending which will have high returns for social and economic development in the future.

The PFM system has some tools to be able to support these ambitions, including under the legal provisions in Organic Budget Law No 12/2013 which instituted Gender Responsive Budgeting. This SSP aims to expand the depth and quality of Gender-Responsive Budgeting practices over the five years from 2024/25 to 2028/29, this is reflected in Objective 4 of the PFM SSP. It aims to support the

Government to develop and coordinate economic policies that will help to reduce gender inequality. Most activities within the PFM Sector will focus on integrating specific analytical tools which will maintain a focus on gender inequality at key stages of the PFM cycle. A key focus will be tools that can assess (for aggregate fiscal policy and specific measures and investments) the impact of aggregate tax and spending policy changes on different groups in society, including by gender. This will require improvements in staff capacity and in the collection and publication of more disaggregated data, including by income group, gender and age. It will be reinforced by a commitment to publish more analysis on the distributional impact of the budget, including the Gender Budget Statements.

IV. MONITORING AND EVALUATION FRAMEWORK

IV.1. Implementation arrangements

Overview of implementation arrangements

This SSP introduces new governance arrangements for the PFM Sector to reduce the parallel monitoring arrangements and provide a more cohesive framework for guiding the complex and interconnected reform agendas.

Public Financial Management Coordination Forum

The PFM Coordination Forum is responsible for high-level oversight of the PFM Sector strategy. This Forum serves as the primary entry point for stakeholders in the sector, focusing on high-level strategic issues, making necessary decisions to endorse strategies and plans and reviewing key constraints and decisions. Any amendments to the sector plan will also need to be endorsed by the PFM Coordination Forum. The Forum will meet at least semi-annually and will vary its agenda in the joint sector forward and backward-looking format. Fiscal decentralization, gender and climate issues will be integrated into the PFM Coordination Forum agenda. The PFM CF will be chaired by the Minister of State in charge of the National Treasury and co-chaired by the Head of Mission or/and Head of Cooperation of a Lead Development Partner.

Broader membership of the forum comprises all heads of departments and semi-autonomous agencies in MINECOFIN, the OAG and representatives of development partners supporting PFM reforms. At the same time, it is expected that existing Development Partners will sustain or increase their sector support with a new 'division of labor' under NST-2. As the sector complexities increase, inter-Ministerial coordination will remain important. While fiscal decentralization and climate finance will need to be routinely scheduled and discussed at all sector levels, sector discussions on socio-economic outcomes will need to draw in other service ministries as needed. As a result, other ministries and agencies will be invited from time to time as required.

PFM Technical Working Group (PFM TWG)

The PFM TWG is responsible for monitoring the execution of the sector annual work plan, reviewing progress on outcomes and addressing emerging technical challenges preventing the achievement of goals on a quarterly basis. The co-chairs of the PFM TWG will agree on the content and frequency of information to be presented to the PFM TWG by the SPIU.

The structure of the TWG mirrors the Coordination Forum. There will be two Co-Chairs: a Head of Department (or equivalent level civil servant) within MINECOFIN and a lead development partner. Technical heads across the sector will be in attendance while development partners will mirror representation at the PFM Coordination Forum. The PFM TWG will also ensure that fiscal decentralization and climate finance issues are routinely addressed within a structured agenda and that relevant stakeholders are invited from outside the core actors in the PFM Sector (see Table 2).

Table 3: Coordination of actors in the PFM Sector

Area of work	Key stakeholders outside MINECOFIN	Lead Coordinator
Digitalization	Rwanda Information Society Authority, Ministry of Information Communication and Technology	Chief Digital Officer
Skills and professionalization	Professional bodies (ICPAR, IIA, Procurement Institute, Institute of Directors)	PFM Skills Committee
Compliance and international standards	Accountants across the whole public sector, Institute of Certified Public Accountants, Institute of Internal Auditors	Accountant General
Fiscal decentralization and sub-national PFM	Ministry of Local Government, Local Administrative Entities Development Agency, Rwanda Association of Local Government Authorities, Rwanda Revenue Authority, Rwanda Governance Board, spending ministries	Fiscal Decentralization Directorate General
Domestic revenue mobilization	Rwanda Revenue Authority, Rwanda Development Board, Ministry of Natural Resources, Ministry of Trade and Industry, Rwanda Finance Limited as well as Private Sector Federation	Office of Chief Economist
Climate finance	Ministry of Environment, Ministry of Infrastructure, Rwanda Development Board, Rwanda Development Bank, Rwanda Green Fund (FONERWA), Rwanda Finance Limited, Rwanda Environment Management Authority, Ministry of Local Government, Ministry of Agriculture	Climate Finance Department
Financial sector	National Bank of Rwanda, Rwanda Bankers' Association, Rwanda Development Bank, Rwanda Finance Limited,	Private Sector &

Area of work	Key stakeholders outside MINECOFIN	Lead Coordinator
	Financial Intelligence Centre, Financial Sector Skills Council	Innovative Financing Department

PFM Thematic Clusters and Government Coordination Structures

To support a ‘deep dive’ into more technical issues, the PFM CF may choose to create PFM Thematic Clusters to report to the PFM TWG. They shall meet separately on a quarterly basis (or as required) and will bring together the appropriate technical expertise. The final number will be proposed by SPIU to the PFM CF but should be limited in number. Each Cluster must include a development partner that is actively financing relevant reforms. Potential sub-groups include: Fiscal and Financial Decentralization Cluster; Climate and Nature Financing Cluster; Revenue Mobilization Cluster; the IPSAS Accrual Reform Cluster. These PFM clusters will work closely with SPIU to ensure their priority reforms are adequately sequenced and reported on to the sector.

In addition, the Government will set up internal structures for coordinating activities linked to the objectives of the SSP. This includes the challenge of enhancing compliance with PFM rules, which involves accounting, internal audit, procurement and external audit to work together, each in association with different professional bodies and counterparts in different MDAs, GBEs and subnational governments. Another example is coordination between objectives for controlling public debt (objective 4) and raising climate finance (objective 5), which is often provided as concessional loans. These structures will not be part of the formal policy dialogue linked to the SSP, but will be critical to the success of the strategy.

Single Project Implementation Unit (MINECOFIN SPIU)

SPIU continues as the PFM Sector secretariat, supporting day-to-day management and coordination of the PFM SSP. SPIU will also continue to support the initiation, sequencing and reporting on progress of PFM reforms. Overall progress and annual plans are monitored through Joint Sector Reviews managed by SPIU, with one ‘backward looking’ report taking stock of progress and one ‘forward looking’ report to review the priorities for the next fiscal year (see 4.1.3 on Monitoring and Evaluation arrangements) and coordinated by the National Development Planning and Research Department in the overall framework for NST-2 Implementation Monitoring.

The SPIU reports to the PFM CF chairs and supports the TWG co-chairs with the day-to-day management and coordination of the Sector. Key responsibilities include: (a) support and coordination of component heads in charge of delivering specific parts of the strategy; (b) act as secretariat to the PFM CF and TWG, including by coordinating inputs to the Joint Sector Reviews; (c) agree to any financial assistance provided for PFM reforms by development partners, and keep a repository of technical assistance reports; (d) establish Quality Assurance Groups for complex reforms requested by component heads, in consultation with the TWG; and (e) manage financial reporting on PFM reforms to donors using country systems.

IV.2. Monitoring and Evaluation

The sector coordination and M&E has significantly improved in the later part of the current SSP ending June 2024. Since the next set of PFM reforms are qualitative and more complex, the oversight and reporting mechanisms will need to be strengthened. The sector M&E will include the following reviews:

- quarterly meetings for the PFM TWG and Thematic Clusters;
- semi-annual CF Joint Sector Reviews (forward-looking and backward-looking) in line with NST-2 guidelines;
- a Mid-Term Review (MTR) in the third year to take stock of progress;
- a PEFA Assessment in the last year of the SSP period; and
- an End-Term Review (ETR) to assess the overall impact of the reform.

This core M&E framework may be supplemented with additional diagnostic processes the PFM CF deems necessary – and this may include other diagnostic tools (examples include TADAT, PIMA, FTE) or more bespoke approaches such as surveys, focus groups, independent expert reviews or additional PFM assessment. These alternative approaches may be particularly relevant for monitoring some of the outcomes that are harder to measure such as partnerships, the underlying quality of information and decision-making.

Table 6: Summary of timetable for independent and public reviews

Review	Lead by	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Quarterly Review	PFM TWG	4	4	4	4	4	4
Joint Sector Review	PFM CF	2	2	2	2	2	2
Mid-Term Review	Independent			1			
PEFA Assessment	Independent					1	
End-Term Review	Independent						1

IV.3. Monitoring support for qualitative indicators

A key feature of the M&E approach is the recognition that many reforms will become harder to measure with simple quantitative outcome indicators. The practice of using expert Quality Assurance Groups (QAGs) has been effective for implementing the IFMIS. This has provided timely technical advice and assurance to the sector oversight that technical interventions are on track and key risks are being addressed. As a result, Rwanda has effectively been able to draw on international experience while also finding its own way to build and roll out a new IFMIS.

The QAG model could be adapted to other complex reforms to guide and monitor interventions, where relevant. Even where it is not, many of the objectives outlined in the Strategic Framework, in Section 3, would benefit from more bespoke, in-depth analysis to help oversee progress on qualitative

changes in the PFM system. A regular staff survey, for example, could help improve the Sector's understanding of skills gaps and retention challenges. MINECOFIN's SPIU will establish learning partnerships for the first two years of the SSP period in order to establish routines for using a wider array of tools for tracking and guiding reforms.

V. COSTING

The estimated total costs for the PFM SSP over the next five years amount to around US\$ 126.3 million (equivalent to roughly RWF 200.4 billion). Costs have been estimated for each intervention identified in Section 3 and have been aggregated for each of the six objectives in the table below. The costs include only the new, additional interventions identified in the SSP, and not the costs associated with the day-to-day work that supports the consolidation and incremental improvement of the PFM system. A small number of interventions are not explicitly costed and will be pursued with internal government staff time and resources, or as and when additional financing can be secured. Experience from the previous PFM SSP suggests that these costs are only indicative and may be expected to change during actual implementation of the PFM SSP. These changes will be managed as needed through the Joint Sector Review, the annual budget and mid-term review.

Table 7: Estimated costs of the PFM SSP by objective (in Frw)

Objective	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Objective 1: Strengthen and sustain critical capabilities for effective PFM	25,034,221,080	29,944,478,477	20,249,764,955	10,814,317,476	11,068,117,205	97,110,899,194
Objective 2: Increase compliance with PFM rules and oversight of VFM	5,400,885,812	4,978,021,399	3,108,157,954	2,299,228,696	2,519,491,013	18,305,784,874
Objective 3: Strengthen fiscal decentralization and subnational service delivery	666,540,000	2,269,410,000	1,491,780,000	1,396,560,000	1,698,090,000	7,522,380,000
Objective 4: Reduce public debt through well-targeted expenditure policy	14,076,202,343	8,834,010,868	16,323,214,509	13,916,775,140	10,927,645,564	64,077,848,424
Objective 5: Raise public revenues and international climate finance at scale	952,200,000	396,750,000	714,150,000	238,050,000	1,110,900,000	3,412,050,000
Objective 6: Drive growth through GBEs and private investment	1,804,545,960	3,074,145,960	3,423,539,880	1,269,600,000	374,214,600	9,946,046,400
Total	47,934,595,195	49,496,816,705	45,310,607,298	29,934,531,312	27,698,458,383	200,375,008,892

VI. CONCLUSION

The Public Financial Management Sector Strategic Plan (PFM SSP) for 2024-2029 sets a strategic course towards a more effective and inclusive public financial management framework in Rwanda. This initiative is crucial for realizing the ambitions of Vision 2050 and the National Strategy for Transformation (NST-2). By focusing on strengthening the foundational elements of public financial management such as fiscal discipline, transparency, and accountability the SSP aims to create a robust system that supports effective governance and service delivery.

Moreover, the plan acknowledges the necessity of addressing critical cross-cutting challenges, including climate change and gender inequality, by integrating these issues into fiscal policies. This holistic approach is essential for fostering a more inclusive and resilient economy.

The SSP aims to deliver six strategic objectives: strengthening and sustaining critical capabilities for effective public financial management; increasing compliance with PFM rules and enhancing oversight of value for money; strengthening fiscal decentralization and subnational service delivery; reducing public debt through well-targeted expenditure policies; raising public revenues and scaling international climate finance; and driving growth through government business enterprises (GBEs) and private investments.

A notable achievement highlighted in the plan is the substantial increase in professional certifications among PFM staff, emphasizing the commitment to developing a skilled workforce adept at navigating modern public financial management complexities.

To ensure accountability and facilitate adaptive management, the SSP incorporates a robust monitoring and evaluation framework to track progress against key performance indicators. The estimated cost for implementing this comprehensive plan, approximately USD 88.02 million, reflects the government's dedication to strengthening public financial management systems as a foundation for sustainable development.

In summary, the successful implementation of the PFM SSP will be pivotal in transforming Rwanda into an upper-middle-income country by 2035 and achieving high-income status by 2050.

ANNEXES

ANNEX 1: THEORY OF CHANGE

Pillar 3: Transformational Governance Pillar	
3.4 Public Finance Management (PFM) [Sector 16]	
3.4.1 Strengthen Accountability [6.3]	
Goal 36: Enhance Transparency and accountability and compliance of national laws	
PA-52: Increase compliance with PFM rules and oversight of value-for-money	
	Outcome 1: Public entities are increasingly able to comply with international accrual standards and with PFM laws and regulations
	Phase in IPSAS accrual standards (with TA support for policy design, implementation and training)
	Improve risk management and strengthen the quality of internal audit function
	Improve the monitoring and inspection of procurement entities (to minimize non-compliance in procuring entities)
	Outcome 2: Increased value for money of public spending
	Widen audit coverage and increase Supreme Audit Institute (SAI) capacity for performance and other specialized audits
	Increase Supreme Audit Institute (SAI) public engagement and support for Parliament to scrutinize audit findings
PA-53: Strengthen and sustain critical capabilities for effective PFM	
	Outcome 1: PFM systems are sustainable, well-integrated and more responsive to user needs and decision making
	Enhance IFMIS sustainability and utility as a decision-making tool
	Increase Umucyo (e-Procurement) coverage, security and user experience
	Finalize and deploy Internal Audit Management Software (IAMS)
	Digitize Supreme Audit Institute's audit processes
	Modernize RRA ICT infrastructure for enhanced revenue collections
	Strengthen local government systems and frameworks for resource mobilization
	Outcome 2: The PFM sector is underpinned by a more sustainable pipeline of critical skills
	Refocus Learning & Development Strategy to provide required PFM skillsets with more emphasis on PFM upstream skills
	Enhance the delivery of PFM skills through professional bodies
	Increase subnational capacity to implement more complex PFM practices

PA-54: Enhance Climate Responsive PFM

	Outcome 1: Strengthened Climate Responsive PFM
	Strengthen the framework and implementation support for “green public procurement”
	Enhance climate responsive budgeting as a tool for external oversight and internal decision-making
	Integrate sustainability more fully in the public investment management process
	Capacity Building of PFM staff on climate risk reporting

PA-55: Strengthen fiscal decentralization and subnational service delivery

	Outcome 1: The framework for fiscal and financial decentralization is strengthened to improve local service delivery
	Strengthen the policy dialogue on sector and financial decentralization with analysis of lessons learned
	Update the 5th Fiscal and Financial Decentralization Policy and secure Cabinet approval
	Implement recommendations from the EAS I&II
	Assess options for improving the intergovernmental transfer system
	Outcome 2: Local government revenues are more predictable and closer to “potential”
	Assess revenue potential for all Districts and support Districts to implement recommendations
	Strengthen systems for property tax valuation and land titling
	Develop framework and capacity for local government PPPs and borrowing mechanisms
	Outcome 3: Districts have stronger PFM systems and identify sound investments
	Strengthen district capacity for developing and overseeing higher quality public investment

PA-56: Reduce public debt through well-targeted expenditure policy

	Outcome 1: Public debt and aggregate expenditures are in line with the Government’s fiscal targets
	Strengthen macroeconomic and fiscal forecasting and reporting, including on fiscal risks
	Enhance MTEF and analysis of the cost-drivers of public spending
	Increase fiscal transparency to support fiscal policy goals
	Outcome 2: Spending choices are informed through better policy analysis
	Strengthen economic research to improve macroeconomic and fiscal policy
	Support the preparation and review of national priorities and plans (e.g. NST-2 Mid-Term and End-Term Reviews)
	Strengthen analysis of the distributional impact of fiscal policy
	Strengthen performance-based budgeting and the capacity to assess the impact of budget choices on service delivery
	Outcome 3: Project selection and implementation is more efficient and sustainable
	Continue to strengthen the Public Investment Committee and investment appraisal
	Integrate sustainability more fully in the public investment management process
	Professionalize the project management function in the Government and strengthen project M&E

PA-57: Raise public revenues and international climate finance at scale

	Outcome 1: Increased mobilization of tax and non-tax revenues in real terms
	Develop the Medium-Term Revenue Strategy (MTRS-2) for a broader tax base, a fairer and efficient tax system
	Support the implementation of RRA's strategy for the effective delivery of its mandate
	Conduct an 'Incentives' Baseline Study (with periodic reviews) to convert tax discount sectors and strengthen reporting on tax expenditures
	Strengthen tax policy capacity in MINECOFIN
	Outcome 2: Climate and nature finance mobilized at speed and scale for NST-2 implementation
	Capacity building for Climate Finance Department
	Support execution of the Climate and Nature Financing Strategy
	Strengthen capacity for debt management in MINECOFIN

PA-58: Drive growth through GBEs and private investment

	Outcome 1: A more sustainable approach to public investment in GBEs is in place
	Propose and implement mechanisms for a more sustainable approach to public investment in GBEs
	Strengthen the corporate governance framework for GBEs
	Conduct a baseline review of all GBEs and establish a roadmap for reform (business case, divestments and strengthening mechanisms)
	Implement change management mechanisms for GBEs for long-term sustainability
	Outcome 2: Deeper financial markets with higher levels of international private finance
	Support FIC to become a Centre of Excellence in the region
	Advance Rwanda's ambitions to become a finance hub
	Design and implement a Diaspora Remittance Strategy (including awareness campaigns)

Goal 37: Deliver evidence for informed decision making and transparency

PA-55: Enhance the efficiency, transparency, and accountability for informed decision-making

	Outcome 1: Availed timely, quality, and relevant official statistics for effective PFM
	Generate and disseminate high-quality data that supports evidence-based planning, budgeting, monitoring, and evaluation
	Provide capacity building and technical support across MDAs, Researchers, public for statistical literacy and use in informed decisions
	Enhance the adherence to international statistical and reporting standards to enhance Rwanda's credibility in PFM

ANNEX 2: M&E RESULTS MATRIX

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
Objective 1: Strengthen and sustain critical capabilities for effective PFM								
<i>Outcome 1.1: PFM ICT systems are sustainable, well-integrated and more responsive to user needs and decision making</i>	Integrity and user-responsiveness of IFMIS and other core PFM systems	5th QAG report	-	6th QAG report	-	-	7th QAG report	QAG
	% of IFMIS and other PFM systems modules enhanced with business intelligence features	0%	10%	40%	70%	90%	100%	QAG
	% of IFMIS and other PFM systems users making decisions from information generated business intelligence features	0%	20%	40%	60%	80%	100%	QAG
	% of public resources audited using automated systems	0%	10%	30%	50%	70%	90%	OAG Annual Report
<i>Outcome 1.2: The PFM sector is underpinned by a more sustainable pipeline of critical skills</i>	Number of qualified PFM staff	1052	1202	1232	1252	1272	1302	SPIU
	Vacancy rates, by grade and cadre			Turn-over and vacancy rates declining			Turn-over and vacancy rates declining	PFM Skills Gaps Survey Report (PSSR)
	Responsiveness of PFM L&D Strategy to sector needs			Review			Review	SPIU
<i>Outcome 1.3: Coordination and partnerships enhanced across the PFM sector</i>	Number of DPs technically and financially supporting the PFM SSP	8	8	9	10	11	≤12	
	Number of DPs supporting the PFM SSP through the Basket Fund	2	2	3	3	4	≥4	SPIU
	Satisfaction levels with sector and reform coordination among stakeholders		Survey completed		Survey completed		End-Term Review	SPIU
Objective 2: Increase compliance with PFM rules and oversight of value-for-money								

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
<i>Outcome 2.1: Public entities are increasingly able to comply with IPSAS accrual reporting standards and PFM laws and regulations</i>	Standards used for preparation of the consolidated accounts of the Government (e.g., modified accrual, full accrual)	Modified accrual accounting GAAP	IPSAS 33	Full compliance with Accrual IPSAS	Full compliance with Accrual IPSAS	Full compliance with Accrual IPSAS	Full compliance with Accrual IPSAS	Consolidated Annual Financial Statements
	% of public entities with an unqualified audit opinion for financial statements, compliance with laws and regulations and value for money	57% (2022/23)	60%	65%	70%	75%	80%	Annual Audit Report
	% of audit recommendations from the last Audit Report that have been fully implemented	59% (2022/23)	60%	62%	65%	67%	70%	Annual Audit Report
	% of internal audit recommendations fully implemented	67%	69.5%	72.0%	74.5%	77.0%	80%	MINECOFIN
	Number of public entities with risk management policy and risk register with recommended governance structures	3	25	55	90	135	186	OIAG
<i>Outcome 2.2: Public procurement will be more transparent and sustainable</i>	Share of the value of public procurement tenders awarded through competitive procurement methods	62% (2022/23)	65%	69%	72%	76%	80%	RPPA annual report
	Share of the number of public tenders performed using Umucyo procurement system	74% (2022/23)	80%	83%	86%	88%	90%	RPPA annual report
	Climate responsive PFM Assessment indicator CRPFM-8 on climate responsive procurement	D			C (self-assessment)		B	Climate responsive PFM Assessment
<i>Outcome 2.3: Budget oversight is increasingly</i>	Share of public expenditures covered by the annual audit report	95% (2021/22)	95%	96%	96%	97%	98%	Annual Audit Report

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
<i>reviewing the value for money of public spending</i>	Number of performance audits conducted annually (number, value and sectors)	14 (2022/23)	18	20	22	24	26	Annual Audit Report
Objective 3: Strengthen fiscal decentralization and subnational service delivery								
<i>Outcome 3.1 The framework for fiscal decentralization is strengthened to support improved local service delivery</i>	Share of intermediate objectives of 5th FFDP met by the end of each FY	[Policy to be updated and approved by Cabinet]	33%	44%	67%	83%	100%	MINECOFIN Fiscal and Financial Decentralization Directorate
	Percentage of recommendations from Expenditure Assignment Studies (round 1) implemented	36%	45%	55%	65%	85%	100%	MINECOFIN Fiscal and Financial Decentralization Directorate
	Number of recommendations implemented from the review of earmarked transfer guidelines	2	4	6	9	12	15	MINECOFIN Fiscal and Financial Decentralization Directorate
	Share of intermediate objectives of 5 th FFDP met by the end of each FY	[Policy to be updated and approved by Cabinet]	33%	44%	67%	83%	100%	MINECOFIN Fiscal and Financial Decentralization Directorate
<i>Outcome 3.2 Local government revenues are more predictable and closer to “potential”</i>	Subnational PEFA indicator PI-3 for District revenue budget (average where D = 1, A = 4))	2.18 (8 districts)			2.5 (self-assessment in Mid-Term Review)		3.00	Subnational Government PEFA performance assessment
	Districts with a revenue potential study for which at least 75% of recommendations have been implemented	0	5	10	15	20	27	MINECOFIN Fiscal and Financial Decentralization Directorate

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
	Cities are using IT systems to increase property tax revenues	CAMA prototype available	CAMA prototype tested and validated	CAMA System piloted to 3 secondary cities	CAMA System piloted to 3 secondary cities	CAMA System piloted to 3 secondary cities	Impact assessment of CAMA against local revenue collection	RRA
	Number of Districts borrowing using a new framework for subnational debt and PPPs	Credit worthiness of 11 districts in place	Guidelines on borrowing done and approved	Ministerial order on decentralize entities issued	1 decentralized entity borrowing using framework	2 decentralized entity borrowing using framework	3 decentralized entity borrowing using framework	MINECOFIN Fiscal and Financial Decentralization Directorate
<i>Outcome 3.3 Districts have stronger PFM systems and identify sound investments</i>	Number of Districts and CoK with unqualified opinion for (financial statements, compliance and VFM)	0 (2022/23)	2	4	7	10	14	OAG
	Share of feasibility studies that meet criteria standards of LODA	60.5% (2022/23)	63%	67%	70%	74%	80%	LODA Annual Activity Report
Objective 4: Reduce public debt through well-target expenditure policy								
<i>Outcome 4.1: Public debt and aggregate expenditure are in line with the Government's fiscal targets</i>	Debt-to-GDP levels:							Published Debt Stock data from MINECOFIN
	<i>Planned in Budget Framework Paper</i>	71.6%	78.0%	77.2%	74.8%	72.3%	69.5%	
	<i>Actual outturn</i>	TBC	78.0%	77.2%	74.8%	72.3%	69.5%	
	PEFA indicator PI-22.1 on the stock of public expenditure arrears as a share of total central government expenditure	C (RWF 394.84 bn in 2020/21 or 10.73% of total expenditure)			B (self-assessment in Mid-Term Review)		A	PEFA assessment report (and/or GoR financial statements)
<i>Outcome 4.2: Spending choices are informed through better policy analysis</i>	Coverage of Climate expenditure tagged, tracked and reported	Production and publication of CBT guideline and system enhancement	Climate Change development interventions tagged	Tag all climate change interventions (Development +Recurrent)	Tag all climate change interventions (Development +Recurrent)	Tag all climate change interventions (Development +Recurrent)	100%	NBD

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
	Gender responsive PFM Assessment indicator GRPFM-1 on the gender impact analysis of budget policy proposals	D	-	-	-	-	B	Gender responsive PFM Assessment module for PEFA (or self-assessment)
<i>Outcome 4.3: Project selection and implementation is more efficient and sustainable</i>	Total identified abandoned and stalled contracts for project investment	13 (2021/22)	12	11	10	9	8	Annual Audit Report
	Climate responsive PFM Assessment indicator CRPFM-5 on climate responsive public investment management	D+			C (self-assessment in the Mid-Term Review)		C	Climate responsive PFM Assessment module of PEFA (or self-assessment)
	Gender responsive PFM Assessment indicator GRPFM-2 on the gender responsive public investment management	D			C (self-assessment in the Mid-Term Review)		C	Gender responsive PFM Assessment module of PEFA (or self-assessment)
Objective 5: Raise public revenues and international climate finance at scale								
<i>Outcome 5.1: Increased mobilization of tax and non-tax revenues in real terms</i>	Revenue as a share of GDP:							MINECOFIN microframework public dataset
	<i>Total</i>	22.3%	22.2%	23.6%	23.8%	23.4%	TBC	
	<i>Tax revenue</i>	15.2%	15.8%	16.9%	17.8%	18.3%	TBC	
	<i>Non-tax revenue</i>	2.7%	2.7%	2.6%	2.6%	2.5%	TBC	
	<i>Grants</i>	4.4%	3.8%	4.2%	3.4%	2.5%	TBC	RRA
	VAT gap	10%	9.50%	9.0%	8.50%	8.00%	7.0%	
	<i>Of which compliance gap</i>	0.037	3.50%	0.033	3.10%	2.80%	0.025	
	RRA cost of collection	3.5%	0.034	0.033	0.031	0.029	2.7%	RRA
<i>Outcome 5.2: Climate and nature finance mobilized at speed and scale for NST-2 mobilization</i>	Share of objectives in the Climate and Nature Financing Strategy that have been met	0%	0%	10%	30%	60%	100%	Climate Finance Department
Objective 6: Drive growth through GBEs and private investment								

Results, objectives and outcomes	Key Performance Indicators	Baseline	2024/25	2025/26	2026/27	2027/28	2028/29 (target)	Source
<i>Outcome 6.1: A more sustainable approach to public investment in GBEs is in place</i>	Share of investments in GBEs that were subject to a full feasibility study in line with National Investment Policy		100%	100%	100%	100%	100%	MINECOFIN Investment Opportunities Department
<i>Outcome 6.2: Deeper financial markets with higher levels of international private finance</i>	Value of domiciled assets under management	Rwf 179 billion	Rwf 300 billion	To be set through new RFL strategy	To be set through new RFL strategy	To be set through new RFL strategy	To be set through new RFL strategy	RFL
	Number of investors	130	200	To be set through new RFL strategy	To be set through new RFL strategy	To be set through new RFL strategy	To be set through new RFL strategy	RFL
	Global Financial Center Index 35 Rating	677 (May 2023)	677	678	679	680	681	The Global Financial Centers Index

ANNEX 3: IMPLEMENTATION PLAN

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
						Key Interventions/Projects/Programmes						
Objective 1: Strengthen and sustain critical capabilities for effective PFM	Outcome 1.1: PFM ICT systems are sustainable, well-integrated and more responsive to user needs and decision making	User feedback and conclusions of the bi-annual Quality Assurance Report (QAG)	Report	5th QAG report	7th QAG report	-	6th QAG report <i>Financial Systems Development Program</i>	-	-	7th QAG report		MINECOFI
		% of IFMIS and other PFM systems modules enhanced with business intelligence features	Percentage	0%	100%	10% <i>Financial Systems Development Program</i>	40% <i>Financial Systems Development Program</i>	70% <i>Financial Systems Development Program</i>	90% <i>Financial Systems Development Program</i>	100% <i>Financial Systems Development Program</i>		MINECOFI
		% of IFMIS and other PFM systems users making decisions from information generated business	Percentage	0%	100%	20% <i>Financial Systems Development Program</i>	40% <i>Financial Systems Development Program</i>	60% <i>Financial Systems Development Program</i>	80% <i>Financial Systems Development Program</i>	100% <i>Financial Systems Development Program</i>		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		intelligence features										
		% of public resources audited using automated systems	Percentage	0%	90%	10% PFM Basket Fund	30% PFM Basket Fund	50% PFM Basket Fund	70% PFM Basket Fund	90% PFM Basket Fund		MINECOFI
	Outcome 1.2: The PFM sector is underpinned by a more sustainable pipeline of critical skills	Number of qualified PFM staff	Number	1052 PFM Basket Fund	1302	1202 PFM Basket Fund	1232 PFM Basket Fund	1252 PFM Basket Fund	1272 PFM Basket Fund	1302 PFM Basket Fund		MINECOFI
		Vacancy rates, by grade and cadre	Number				Turn-over and vacancy rates declining PFM Basket Fund			Turn-over and vacancy rates declining PFM Basket Fund		MINECOFI
		PFM L&D Strategy reviewed	Report				Review			Review		MINECOFI
	Outcome 1.3: Coordination and partnerships enhanced across the PFM sector	Number of DPs technically and financially supporting the PFM SSP	Number	8 PFM Basket Fund	≤12	8 PFM Basket Fund	9 PFM Basket Fund	10 PFM Basket Fund	11 PFM Basket Fund	≤12 PFM Basket Fund		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		Number of DPs supporting the PFM SSP through the Basket Fund	Number	2 <i>PFM Basket Fund</i>	≥4	2 <i>PFM Basket Fund</i>	3 <i>PFM Basket Fund</i>	3 <i>PFM Basket Fund</i>	4 <i>PFM Basket Fund</i>	≥4 <i>PFM Basket Fund</i>		MINECOFI
		Satisfaction levels with sector and reform coordination among stakeholders	Report		End-Term Review	Survey completed <i>PFM Basket Fund</i>		Survey completed <i>PFM Basket Fund</i>		End-Term Review <i>PFM Basket Fund</i>		MINECOFI
Objective 2: Increase compliance with PFM rules and oversight of value-for-money	Outcome 2.1: Public entities are increasingly able to comply with IPSAS accrual reporting standards and PFM laws and regulations	Standards used for preparation of the consolidated accounts of the Government (e.g., modified accrual, full accrual)	Report	Modified accrual accounting GAAP	Full compliance with Accrual IPSAS	IPSAS 33	Full compliance with Accrual IPSAS <i>IPSAS Program</i>	Full compliance with Accrual IPSAS <i>IPSAS Program</i>	Full compliance with Accrual IPSAS <i>IPSAS Program</i>	Full compliance with Accrual IPSAS <i>IPSAS Program</i>		MINECOFI
		% of public entities with an unqualified audit opinion for financial statements, compliance with laws	Percentage	57% (2022/23)	80%	60% <i>IPSAS Program</i>	65% <i>IPSAS Program</i>	70% <i>IPSAS Program</i>	75% <i>IPSAS Program</i>	80% <i>IPSAS Program</i>		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		and regulations and value for money										
		% of audit recommendations from the last Audit Report that have been fully implemented	Percentage	59% (2022/23)	70%	60% <i>IPSAS Program and PFM Basket Fund</i>	62% <i>IPSAS Program and PFM Basket Fund</i>	65% <i>PSAS Program and PFM Basket Fund</i>	67% <i>PSAS Program and PFM Basket Fund</i>	70% <i>PSAS Program and PFM Basket Fund</i>		MINECOFI
		% of internal audit recommendations fully	Percentage	67%	80%	69.5% <i>PFM Basket Fund</i>	72.0% <i>PFM Basket Fund</i>	74.5% <i>PFM Basket Fund</i>	77.0% <i>PFM Basket Fund</i>	80% <i>PFM Basket Fund</i>		MINECOFI
		Number of public entities with risk management policy and risk register with recommended governance structures	Number	3	186	25 <i>PFM Basket Fund</i>	55 <i>PFM Basket Fund</i>	90 <i>PFM Basket Fund</i>	135 <i>PFM Basket Fund</i>	186 <i>PFM Basket Fund</i>		MINECOFI
	Outcome 2.2: Public procurement will be more	Share of the value of public procurement tenders	Percentage	62% (2022/23)	80%	65%	69%	72%	76%	80%		RPPA

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
	<i>transparent and sustainable</i>	awarded through competitive procurement methods										
		Declining share of public tenders performed outside Umucyo procurement system (number)	Percentage	26% (2022/23)	10%	80%	83%	86%	88%	90%		RPPA
		Climate responsive PFM Assessment indicator CRPFM-8 on climate responsive procurement	Grade	D	B			C (self assessment)		B		MINECOFI
	<i>Outcome 2.3: Budget oversight is increasingly reviewing the value for money of public spending</i>	Share of public expenditures covered by the annual audit report	Percentage	95% (2021/22)	98%	95%	96%	96%	97%	98%		MINECOFI
		Number of performance audits conducted annually	Number	14 (2022/23)	26	18	20	22	24	26		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		(number, value and sectors)										
Objective 3: Strengthen fiscal decentralization and subnational service delivery	<i>Outcome 3.1 The framework for fiscal decentralization is strengthened to support improved local service delivery</i>	Share of intermediate objectives of 5th FFDP met by the end of each FY	Percentage	Policy to be updated and approved by Cabinet	100%	33%	44%	67%	83%	100%		MINECOFI
		Percentage of recommendations from Expenditure Assignment Studies (round 1) implemented	Percentage	36%	100%	45%	55%	65%	85%	100%		MINECOFI
		Number of recommendations implemented from the review of earmarked transfer guidelines	Number	2	15	4	6	9	12	15		MINECOFI
		Share of intermediate objectives of 5 th FFDP met by the end of each FY	Percentage	[Policy to be updated and approved by Cabinet]	100%	33%	44%	67%	83%	100%		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
	Outcome 3.2 Local government revenues are more predictable and closer to “potential”	Subnational PEFA indicator PI-3 for District revenue budget (average)	Number	2.18 (8 districts)	3.00			2.5		3.00		MINECOFI
		Districts with a revenue potential study for which at least 75% of recommendations have been implemented	Number	0	27	<i>PFM Reforms Program</i>	<i>PFM Reforms Program</i>	<i>PFM Reforms Program</i>	<i>20 PFM Reforms Program</i>	<i>27 PFM Reforms Program</i>		MINECOFI
		Cities are using IT systems to increase property tax revenues	Report	CAMA prototype available	Impact assessment of CAMA against local revenue collection	CAMA prototype available	CAMA prototype tested and validated	CAMA System piloted to 3 secondary cities <i>Strengthen systems for property tax valuation and land titling</i>	CAMA System piloted to 3 secondary cities <i>Strengthen systems for property tax valuation and land titling</i>	CAMA System piloted to 3 secondary cities <i>Strengthen systems for property tax valuation and land titling</i>		RRA

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		Number of Districts borrowing using a new framework for subnational debt and PPPs	Number	Credit worthiness of 11 districts in place	3 decentralized entity borrowed	Guidelines on borrowing done and approved	Ministerial order on decentralize entities issued	1 decentralized entity borrowing using framework	2 decentralized entity borrowing using framework	3 decentralized entity borrowing using framework		MINECOFI
	Outcome 3.3 Districts have stronger PFM systems and identify sound investments	Number of Districts and CoK with unqualified opinion for (financial statements, compliance and VFM)	Number	0 (2022/23)	14	2 PFM Reforms Program	4 PFM Reforms Program	7 PFM Reforms Program	10 PFM Reforms Program	14 PFM Reforms Program		MINECOFI
		Share of feasibility studies that meet criteria standards of LODA	Percentage	60.5% (2022/23)	80%	63% Strengthen district capacity for developing and overseeing higher quality public investment	67% Strengthen district capacity for developing and overseeing higher quality public investment	70% Strengthen district capacity for developing and overseeing higher quality public investment	74% Strengthen district capacity for developing and overseeing higher quality public investment	80% Strengthen district capacity for developing and overseeing higher quality public investment		LODA
Objective 4: Reduce public debt	Outcome 4.1: Public debt and	<i>Debt-to-GDP levels:</i>										MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
through well-target expenditure policy	aggregate expenditure are in line with the Government's fiscal targets	Planned in Budget Framework Paper	Percentage	71.6%	69.5%	78.0%	77.2%	74.8%	72.3%	69.5%		MINECOFI
		Actual outturn	Percentage	TBC	69.5%	78.0%	77.2%	74.8%	72.3%	69.5%		
		PEFA indicator PI-22.1 on the stock of public expenditure arrears as a share of total central government expenditure	Grade	C	A			B (self-assessment in Mid-Term Review)		A		
	Outcome 4.2: Spending choices are informed through better policy analysis	Coverage of Climate expenditure tagged, tracked and reported	Percentage	Production and publication of CBT guideline and system enhancement	100%	Climate Change development interventions tagged PFM Reforms Program	Tag all climate change interventions (Development +Recurrent) PFM Reforms Program	Tag all climate change interventions (Development +Recurrent) PFM Reforms Program	Tag all climate change interventions (Development +Recurrent) PFM Reforms Program	100%		MINECOFI/NBD
		Gender responsive PFM Assessment indicator GRPFM-1 on the	Grade	D	B	-	-	-	-	B		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
		gender impact analysis of budget policy proposals										
	<i>Outcome 4.3: Project selection and implementation is more efficient and sustainable</i>	Total identified abandoned and stalled contracts for project investment	Number	13 (2021/22)	8	12	11	10	9	8		MINECOFI
		Climate responsive PFM Assessment indicator CRPFM-5 on climate responsive public investment management	Grade	D+	B					B		MINECOFI
		Gender responsive PFM Assessment indicator GRPFM-2 on the gender responsive public investment management	Grade	D	B					B		MINECOFI

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
	Outcome 4.4: Availed timely, quality, and relevant official statistics for effective PFM	Overall satisfaction of adequacy of official statistics to priority needs of users	Percentage	77% 2022/2023	-	>77%	-	-	>77%	NISR		NISR
Objective 5: Raise public revenues and international climate finance at scale	Outcome 5.1: Increased mobilization of tax and non-tax revenues in real terms	Revenue as a share of GDP:	Percentage									MINECOFI
		<i>Total</i>	<i>Percentage</i>	22.3%	TBC	22.2%	23.6%	23.8%	23.4%	TBC		
		<i>Tax revenue</i>	<i>Percentage</i>	15.2%	TBC	15.8%	16.9%	17.8%	18.3%	TBC		
		<i>Non-tax revenue</i>	<i>Percentage</i>	2.7%	TBC	2.7%	2.6%	2.6%	2.5%	TBC		
		<i>Grants</i>	<i>Percentage</i>	4.4%	TBC	3.8%	4.2%	3.4%	2.5%	TBC		
		VAT gap	Percentage	10%	7.0%	9.5%	9.0%	8.5%	8.0%	7.0%		RRA
		<i>Of which compliance gap</i>	<i>Percentage</i>	3.7%	2.5%	3.5%	3.3%	3.1%	2.8%	2.5%		MINECOFI
		RRA cost of collection	Percentage	3.5%	2.7%	3.4% •Modernize RRA ICT infrastructure for enhanced revenue	3.3% •Modernize RRA ICT infrastructure for enhanced revenue	3.1% •Modernize RRA ICT infrastructure for enhanced revenue	2.9% •Modernize RRA ICT infrastructure for enhanced revenue	2.7% •Modernize RRA ICT infrastructure for enhanced revenue		RRA

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
						collections	collections	collections	collections	collections		
	Outcome 5.2: Climate and nature finance mobilized at speed and scale for NST-2 mobilization	Share of objectives in the Climate and Nature Financing Strategy that have been met	Percentage	0%	100%	0%	10% •Capacity building for Climate Finance Department •Support execution of the Climate and Nature Financing Strategy •Strengthen capacity for debt management in MINECO FIN	30% •Capacity building for Climate Finance Department •Support execution of the Climate and Nature Financing Strategy •Strengthen capacity for debt management in MINECO FIN	60% •Capacity building for Climate Finance Department •Support execution of the Climate and Nature Financing Strategy •Strengthen capacity for debt management in MINECO FIN	100% •Capacity building for Climate Finance Department •Support execution of the Climate and Nature Financing Strategy •Strengthen capacity for debt management in MINECO FIN		MINECOFIN
Objective 6: Drive growth through	Outcome 6.1: A more sustainable approach	Share of investments in GBEs that were subject	Percentage		100%	100% PFM Reforms Program	100% PFM Reforms Program	100% PFM Reforms Program	100% PFM Reforms Program	100% PFM Reforms Program		MINECOFIN

Objective	Outcome	Performance Indicators	Units	Baseline	End period target (2028/29)	2024/25	2025/26	2026/27	2027/28	2028/29	Total Cost	Responsible institution
GBEs and private investment	<i>to public investment in GBEs is in place</i>	to a full feasibility study										
	Outcome 6.2: Deeper financial markets with higher levels of international private finance	Value of domiciled assets under management	Amount	Rwf 179 billion	Rwf 750 billion	Rwf 300 billion <i>Support the Coordination of Rwanda's ambitions to become a finance hub</i>	Rwf 412 billion <i>Support the Coordination of Rwanda's ambitions to become a finance hub</i>	Rwf 525 billion <i>Support the Coordination of Rwanda's ambitions to become a finance hub</i>	Rwf 637 billion <i>Support the Coordination of Rwanda's ambitions to become a finance hub</i>	Rwf 750 billion <i>Support the Coordination of Rwanda's ambitions to become a finance hub</i>		RFL
		Number of investors	Number	130	400	200	250	300	350	400		RFL
		Double Tax Treaties (Ratified)	Number	13	30	20	24	27	29	30		RFL